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PAKISTAN: U.S. FOREIGN ASSISTANCE FACTS

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by

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PAKISTAN: U.S. FOREIGN ASSISTANCE FACTS

SUMMARY

Pakistan has become the fourth largest recipient of U.S. assistance due to its key role in U.S. efforts to oppose the Soviet occupation of Afghanistan. How to reconcile U.S. support for Pakistan against increasing Soviet military and political pressure with the desire to curb Pakistan's suspicious nuclear activities has posed a major dilemma for Congress. This dilemma has acquired greater immediacy with the July 14, 1987, arraignment of a Canadian citizen of Pakistani origin on grounds that he sought to export illegally from the United States special maraging steel, apparently for use in a gas centrifuge uranium enrichment plant that is suspected to be the keystone of Pakistan's drive to acquire a nuclear weapons capability. If the effort is established to have been directed by the Pakistani government, it would put Pakistan in violation of Section 670 (a)(1)(B) of the Foreign Assistance Act, which requires, subject to certain Presidential waiver authority, a cutoff of U.S. assistance to countries that violate U.S. laws against the export of nuclear-related materials.

Other concerns include Pakistan's lack of full fledged democracy, human rights violations, and its role as a major source of illegal heroin.

U.S. aid totalled \$641.3 million in FY87, about equally divided between economic assistance and foreign military sales credits. The Administration has requested \$677.8 million for FY88. Economic aid involves 21 projects and commodity import programs, with an emphasis on energy (non-nuclear), agriculture and irrigation, health and population, and selected area development.

The main issue concerning Pakistan is whether, in the face of persuasive evidence that Pakistan has come close to achieving a nuclear weapons capability, Congress should extend a current waiver to the application of U.S. nuclear non-proliferation legislation and approve the first increment of a 6-year, \$4.02 billion aid package. A second major issue is whether, in the face of numerous serious air attacks on Pakistan's border regions emanating from Afghanistan, the United States should provide some form of an airborne radar warning system, and under what terms.

Both the House version of the foreign assistance authorization bill--as marked up by the House Foreign Affairs Committee -- and the Senate bill --as reported by the Foreign Relations Committee (S.Rept. 100-60) -- would extend for two years, rather than the six years sought by the Administration, the President's authority to waive the Symington amendment in Pakistan's case. The Senate bill also includes a provision requiring a report by the Secretary of Defense on the capability of the United States to deploy or lease airborne early warning aircraft and the cost of such deployment or lease. Members of Congress have indicated an intention to offer amendments to sections dealing with Pakistan's nuclear activities in floor action.

ISSUE DEFINITION

The 100th Congress faces major decisions about U.S. aid to Pakistan, a strategically located South Asian country that has been a key element in the Reagan Administration's strategy to oppose the Soviet occupation of Afghanistan. First, Congress must decide whether to allow a continued waiver to nonproliferation provisions of the foreign assistance act despite evidence that Pakistan is continuing to develop the capability to build nuclear weapons and may have violated U.S. export control laws to obtain necessary special material such as high tensile-strength steel. Second, Congress must decide whether to approve the first annual increment of a 6-year, \$4.02 billion package of military sales credits and economic assistance agreed upon between the United States and Pakistan in mid-1986. Third, Congress will likely have to deal with the question of how to respond to Pakistan's request for the lease or sale of an airborne early warning (AEW) aircraft such as the U.S. AWACS.

Largely in response to Pakistan's role in providing for more than 2.5 million Afghan refugees and facilitating support for the Afghan resistance groups, Congress provided most of the funds requested under a 6-year aid package that will be completed at the end of FY87, despite severe shortfalls in overall foreign aid funding. The aid relationship remains controversial, however, due to concerns about Pakistan's nuclear program, the impact of U.S. arms aid on the India-Pakistan rivalry, Pakistan's continuing role as a major source of illegal narcotics, its lack of a full-fledged democratic process and related human rights concerns.

BACKGROUND AND ANALYSIS

Country Data

Country data were taken from the following sources: AID Congressional Presentation FY87; World Development Report 1984, The World Bank; The World Factbook 1985, The Central Intelligence Agency; Foreign Economic Trends, U.S. Dept. of Commerce, October 1984; and Background Notes, U.S. Dept. of State, April 1984.

Population ('86): 101.7 million
Population growth rate ('86): 2.8%
GNP ('84 est.): \$31 billion
Per capita GNP ('84): \$380
Annual per capita GNP growth rate/long term ('65-'83): 2.5%
Annual GNP growth rate/short term ('85): 8.4%
Annual inflation rate/long term ('73-'83): 11.1%
Avg. life expectancy ('85): 51.0 yrs
International debt ('82): \$9.12 billion
Debt service payments as a % of export earnings ('84): 27.5%
 (Debt service ratio for all developing countries in 1983 was 19.0%)
Avg. per capita growth rate of agricultural production ('75-'84): 0.9%
Proportion of the labor force in agriculture ('81): 54%
Major Crops: Wheat, corn, rice, cotton, vegetables
Major exports and value (FY84): rice, cotton, cotton fabrics

\$2.7 billion
Major imports and value (FY84): petroleum \$6.0 billion
U.S. Foreign Assistance Data
(millions \$)*

	FY83	FY84	FY85	FY86	FY87 (est)	FY88 (req)
Development						
Aid	-	-	50.0	24.0	25.0	50.0
(Loans)	-	-	(37.8)	(2.5)	(-)	(-)
(Grants)	-	-	(12.2)	(21.5)	(25.0)	(50.0)
Other						
Economic						
Aid	2.9	3.4	3.0	3.5	2.9	-
(Loans)	-	-	-	-	-	-
(Grants)	(2.9)	(3.4)	(3.0)	(3.5)	(2.9)	-
Food Aid	75.8	79.0	59.0	50.0	50.0	86.9
(Loans)	(47.5)	(47.5)	(59.0)	(50.0)	(50.0)	(86.9)
(Grants)	(28.3)	(31.5)	(-)	(-)	(-)	(-)
ESF	200.0	225.0	200.0	239.3	250.0	250.0
(Loans)	(67.0)	(75.0)	(45.2)	(84.5)	(92.0)	(-)
(Grants)	(133.0)	(150.0)	(154.8)	(154.8)	(158.0)	(250.0)
Military						
Aid	260.8	300.8	326.0	311.9	313.4	290.9
(Loans)	(260.0)	(300.8)	(325.0)	(311.0)	(312.5)	(290.0)
(Grants)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(0.9)
TOTAL	539.5	608.2	638.0	628.6	641.3	677.8
(Loans)	(374.5)	(422.5)	(467.0)	(448.0)	(454.5)	(376.9)
(Grants)	(165.0)	(185.7)	(171.0)	(180.6)	(186.8)	(300.9)

Total U.S. aid FY46-86: \$8,639.42 million (current \$)
\$23,781.03 million (constant 1987 \$)

Pakistan's rank among U.S. aid recipients: FY85 - 4th
FY86 - 4th

OTHER AID DONORS	1982	1983	1984	1985
Int'l Agencies	555.6	581.1	643.4	1,983.2
Western Countries	363.6	249.4	n/a	n/a
OPEC Countries	99.0	80.8	n/a	n/a
Communist Countries	-	27.7	n/a	n/a

* U.S. Foreign Assistance and Other Aid Donors Data were taken from Agency for International Development and from Organization for Economic Cooperation and Development (OECD) publications.

Definition of Programs

Development Aid -- AID functional accounts that emphasize long-term development objectives. Accounts include agriculture, population planning, health, education and human resources, energy and selected activities, and the Child Survival Fund. (Excludes ESF).

Other Economic Assistance -- Peace Corps, Narcotics Control, Inter-American Foundation and other miscellaneous economic aid programs.

Food Aid -- Public Law 480/Food for Peace program. Through P.L. 480 activities the United States provides surplus agricultural commodities on a low interest loan basis (Title I and III) and on a grant basis to meet emergency and humanitarian requirements (Title II).

ESF (Economic Support Fund) -- Through the ESF, a flexible but complex aid category, the United States provides economic assistance to countries of special economic, political, or military significance. Much of current ESF aid provides short-term economic stabilization and budget support to key nations. The foreign aid budget submitted by the executive branch links ESF and military aid under the general security assistance heading. Authorization committees in Congress treat ESF as a separate category distinct from either development or military aid while appropriations committees include ESF among bilateral economic aid programs.

Military Aid -- The United States provides military assistance to countries on a loan basis at market rates through Foreign Military Sales (FMS) guaranteed loans, at below market rates through FMS concessional lending (about 5% interest), and on a grant basis through the Military Assistance Program (MAP). Military training grants are also offered through the International Military Education and Training Program (IMET).

Other Aid Donors -- International agencies include multilateral development banks, U.N. programs, and the European Community; figures represent commitments reported, for the most part, on a fiscal year basis. Western countries include members of the OECD's Development Assistance Committee; figures represent gross disbursements of official development assistance only (no military aid) on a calendar year basis. OPEC countries include members of OPEC and Arab OPEC aid agencies; these figures also represent gross disbursements of official development assistance only (no military aid) on a calendar year basis. Communist countries include the Soviet Union, Eastern Europe and China; figures are for economic loans and grants reported by calendar year.

Program Background

Pakistan's Nuclear Activities and the U.S. Response

In April 1979 the Carter Administration acted on evidence that Pakistan had covertly acquired uranium enrichment technology to suspend

U.S. aid under section 669 of the Foreign Assistance Act of 1961, as amended. Section 669, also referred to as the Symington amendment, prohibits U.S. foreign assistance to countries that acquire uranium enrichment technology and do not put it under the inspection and safeguards system of the International Atomic Energy Agency (IAEA) unless the President can certify to Congress: (1) that termination of such assistance would seriously harm vital U.S. interests; and (2) that the executive branch has received reliable assurances from the recipient country that it will not acquire or develop, nor help other nations acquire or develop, nuclear weapons. Although President Zia ul-Haq has repeatedly insisted that Pakistan's nuclear program is wholly for peaceful purposes, the nature of Pakistan's program is such that neither President Carter or President Reagan have been able to provide the assurances required under Section 669.

The 1979 aid cutoff severely affected U.S.-Pakistan relations. The low state of relations was dramatically illustrated in November 1979 when, in response to false reports of American involvement in the takeover of the Great Mosque in Mecca, Saudi Arabia, Pakistani mobs attacked and burned the U.S. Embassy and cultural centers in Islamabad, Peshawar, and Karachi.

Pakistan and the Soviet Invasion of Afghanistan

Reversal of U.S. Policy. The Soviet invasion of Afghanistan a month later led to a reversal of U.S. policy priorities and a turnabout in U.S.-Pakistan relations. Prior to the invasion, the Carter Administration's top regional policy goals had been nonproliferation, conventional arms control, and human rights. With the Soviets occupying neighboring Afghanistan, however, Pakistan was thrust into the forefront of U.S. efforts to contain Soviet expansionism in the region.

In February, 1980, the Carter Administration offered Pakistan \$400 million in security and economic assistance, promising to ask Congress to waive or suspend the Symington amendment. Although President Mohammed Zia ul-Haq rejected the offer as "peanuts," the two countries began to cooperate more closely on political and security matters.

Shortly after the Reagan Administration assumed office, U.S. officials offered Pakistan a multi-year package of military and economic assistance. In September 1981, negotiations were completed on a 6-year, \$3.2 billion aid package aimed at improving Pakistan's military forces and promoting economic growth. The symbolic centerpiece of the program was the sale of 40 F-16 high performance fighter bombers for the Pakistan Air Force.

Waiver of U.S. Nuclear Non-Proliferation Laws. Despite serious concern over Pakistan's nuclear activities, the more immediate problem of the Soviet presence in Afghanistan led Congress to facilitate the resumption of U.S. aid. P.L. 97-113, which became law on Dec. 29, 1981, added a new section, 620E, to the Foreign Assistance Act of 1961. This section, which is still in force, allows the President to waive Section 669 until Sept. 30, 1987, and provide foreign assistance to Pakistan if he determines such aid to be in the U.S. national interest. Section 620E of

P.L. 97-113 recognized the threat that the Soviet presence in Afghanistan posed to the security of Pakistan, and reaffirmed the 1959 U.S.-Pakistan bilateral agreement regarding U.S. action in the event of armed aggression from a Communist controlled country. (See U.S.-Pakistan cooperation agreement, Article I, 10 United States Treaties 317; Treaties and other International Agreements 4190; also see Joint Resolution to Promote Peace and Stability in the Middle East, Section 2, in 71 United States Statutes at Large 5).

Tightened Congressional Controls. Legislation passed in 1985 amended section 620E of the Foreign Assistance Act to require the President to certify annually, prior to releasing aid to Pakistan, or approving the sale or transfer of any military equipment or technology for a given fiscal year, that "Pakistan does not possess a nuclear explosive device and that the proposed United States assistance program will reduce significantly the risk that Pakistan will possess a nuclear explosive device."

In 1985 Congress also amended section 670 of the Foreign Assistance Act to require the suspension of U.S. assistance to any non-nuclear-weapon state that "exports illegally (or attempts to export illegally) from the United States any material, equipment, or technology which would contribute significantly to the ability of such country to manufacture a nuclear explosive device, if the President determines that the material, equipment, or technology was to be used by such country in the manufacture of a nuclear explosive device." (See 670 (a)(1)(B)) The provision is subject to the Presidential waiver provisions of section 670. Versions of this provision were included in both the House and Senate aid bills, but only the House Foreign Affairs Committee report made specific reference to the 1984 incident in which three Pakistani nationals were arrested for seeking to export without a license sensitive nuclear-related technology.

Recent Developments

While President Zia has stated that Pakistan's nuclear program is aimed only at peaceful uses, most evidence suggests it is designed to develop a nuclear weapons capability. President Reagan, in a letter to President Zia on Sept. 12, 1984, had reportedly warned that Pakistan's activities could "undermine" the existing \$3.2 billion security relationship. Many Members of Congress have felt, however, that the Administration has not been vigorous enough in pressing Pakistan on this issue.

Recent U.S. policy has stressed the need for Pakistan and India to reach a bilateral or regional accord not to produce nuclear weapons. Delivery of this message was the reported purpose of September 1985 visit to Delhi by Undersecretary of State Michael Armacost and National Security Council staff member, Donald Fortier. This position implicitly responded to New Delhi's efforts to make the United States responsible for Pakistan's nuclear activities on account of its renewed economic and military assistance program. The Administration apparently believes that practically speaking the core of the proliferation problem is the Indian-Pakistan rivalry, which can only be eased through joint efforts by Islamabad and New Delhi.

Some potential progress in this direction occurred in October 1985 when, in the course of meetings at the UN General Assembly session, President Zia and Prime Minister Gandhi reportedly agreed to future "technical discussions" on nonproliferation issues. In December during a Gandhi-Zia meeting in Delhi, the leaders agreed in principle to concluding an agreement not to attack each other's nuclear installations. In both cases Indian spokesmen have questioned the interpretations of what was achieved, and an actual accord concerning the latter issue is yet to be signed. A subsequent chilling of India-Pakistan relations has caused the indefinite postponement of Prime Minister's Gandhi planned visit to Pakistan to formally ratify an agreement.

In November 1986 information surfaced in the press alleging that Pakistan had detonated an implosion type trigger device (without its nuclear core) and that it had achieved the capability to enrich uranium to 93.5% purity, which is weapons grade (Washington Post, Nov. 4, 1986). According to press reports, this violates an understanding between Pakistan and the United States that Pakistan would not enrich uranium beyond 5% in its Kahuta enrichment facility.

During a July 1986 official visit to Washington Prime Minister Mohammed Khan Junejo claimed that Pakistan was "abiding by the guidelines" laid down by the Reagan Administration and was "keeping components separate," according to the Washington Post (July 17, 1986). Reportedly the President and other U.S. officials emphasized the continuing American concern about Pakistan's uranium enrichment facility and other unsafeguarded facilities. In response to reports that the Soviet Union had given Pakistan a sharply worded warning about its nuclear program, U.S. officials emphasized the American judgment that Pakistan does not yet possess a nuclear weapons capability.

On Oct. 27, 1986, President Reagan certified to Congress that Pakistan did not possess a nuclear device and that U.S. aid would reduce significantly the risk that it will possess one. Such annual certification is required under sec. 620E of the Foreign Assistance Act as a condition for the release of U.S. aid funds. As noted above, this certification was followed almost immediately by new reports that now cause U.S. officials to publicly question whether a new certification could be given for the FY88 aid program (now under consideration by Congress).

In a February 1987 speech in Islamabad the departing U.S. ambassador to Pakistan, Deanne R. Hinton, said that "there are developments in Pakistan's nuclear program which we see as inconsistent with a purely peaceful program." The head of Pakistan's nuclear enrichment program reportedly boasted to an Indian journalist in a January 1987 interview that Pakistan already had the bomb and had also outpaced India in reprocessing plutonium (an alternate route to obtaining bomb material from that Pakistan has been pursuing). (London Observer, Mar. 1, 1987.)

Reported Violation of Foreign Assistance Act Provisions concerning the Illegal Export of Nuclear-Related Materials. On July 15, 1987, both the Washington Post and the New York Times reported that over the weekend

a Canadian national of Pakistani descent had been arraigned in Philadelphia on grounds that he sought to bribe U.S. Commerce Department officials to allow export of 25 tons of high-strength maraging steel in violation of U.S. export control laws. Because of its suitability for use in uranium enrichment centrifuges, the export of maraging steel requires a license. Allegedly, Arshad Z. Pervez, the suspect, worked for a retired Pakistani army officer in Lahore, Pakistan. The efforts of Pervez and another person named David Walker to buy the steel from the Carpenter Steel Corporation beginning in November 1986 led to the initiation of a "sting" operation undertaken by the U.S. Customs Service. An affidavit filed by a Customs agent stated that Pervez acknowledged, by nodding his head, that the material was destined for the uranium enrichment plant at Kahuta.

Under Section 670 (a)(1)(B) of the Foreign Assistance Act, if the President determines "that the material, equipment, or technology was to be used... in the manufacture of a nuclear explosive device," Pakistan would become ineligible for U.S. aid. Notwithstanding the provisions of this section, the President may continue U.S. aid if he certifies to the Congress that terminating aid "would be seriously prejudicial to the achievement of United States nonproliferation objectives or otherwise jeopardize the common defense and security." The law gives the Congress the power to overturn such a waiver by passing a concurrent resolution of disallow within 30 days. However, subsequent to Supreme Court decisions in 1983, the use of the concurrent resolution provisions of the legislation generally have been considered to unconstitutional. Moreover, the legislation is dependent on positive action by the President to make a determination that the material was destined for nuclear weapons uses for the cutoff provisions to take effect.

Representative Solarz, Chairman of the House Foreign Affairs Subcommittee on Asian and Pacific Affairs and a principal sponsor of the 1985 legislation, has scheduled a hearing on July 22 to determine what the Administration plans to do about the situation. Senator Glenn, Chairman of the Committee on Governmental Affairs (with oversight responsibility for nuclear non-proliferation policy), has stated that "If the President determines that there has been a violation of the law--and evidence available to me suggests strongly suggests that there has--he should bring the full weight of the law to bear on Pakistan." He opposed any use of the President's waiver authority as detrimental to the credibility of U.S. nuclear non-proliferation policy. He reiterated his earlier position that no new military assistance be provided to Pakistan until verifiable assurances are given by Pakistan "that it will not produce nuclear weapons."

Partial Restoration of Democracy

In addition to addressing the most immediate security concerns of Pakistan in section 620E, Congress also expressed its interest in promoting "the expeditious restoration of full civil liberties and representative government." This referred to General Zia's seizure of power in a coup in July 1977, in which he suspended the 1973 constitution and assumed the titles of president and chief martial law administrator.

After earlier failing to hold promised elections President Zia took several steps beginning in late 1984 to legitimize his role and bring about a partial return to representative institutions. In December 1984, Zia held a surprise referendum on his program of restructuring Pakistan as Islamic state. Under terms of the referendum, a vote in favor of "Islamization" was also a vote to extend Zia's Presidency by five years. Despite a reportedly low turnout on the order of 20%-30%, Zia interpreted the vote as a mandate.

National and provincial assembly elections held in February 1985 drew much more participation. However, since political parties were banned from openly contesting the elections (candidates ran as individuals) and many opposition political leaders were under arrest, considerable doubt remained about how far the elections should be viewed as a step towards restoring representative government. New constitutional provisions promulgated by Zia after the elections provided for his continuing dominance behind the scenes and allowed only limited powers to the bicameral parliament and provincial assemblies.

Since its formation, the National Assembly has been engaged in a cautious effort to assert itself and expand its powers. As passed by unanimous consent Oct. 17, 1985, after more than a month's debate, a compromise Eighth Amendment Bill both expanded somewhat the rights of the Prime Minister and legislature vis-a-vis the President, and indemnified President Zia and the military authorities for any actions taken under martial law. In December 1985 the assembly enacted a law that would allow the functioning of duly registered political parties, after an 8-year ban on political party activity. The full effect of the law and the future role of the most vociferously anti-government parties remains in doubt.

On Dec. 30, 1985, following the completion of the above government proposed constitutional amendments and the parties law, President Zia signed an order lifting martial law. The order restored a number of constitutional freedoms and abolishes the military courts, but other legal and constitutional provisions still leave the government with extensive powers to curb opposition and dissent.

The limits of dissent became more evident in the events leading to the mid-August 1986 arrest of Benazir Bhutto, leader of the opposition Pakistan People's Party (PPP). In April 1986, three months after the lifting of martial law, Bhutto had been permitted to return from exile and hold massive rallies throughout Pakistan in pursuit of her demand for new elections. When these failed to move the government, Bhutto began a more confrontational campaign. On the eve of Pakistan's August 14 independence day celebrations, with President Zia out of the country, she threatened to hold a political rally at the same place and time as one planned by Prime Minister Junejo's party, the Pakistan Muslim League (PML). When Bhutto sought to hold her rally after Junejo banned all political rallies, the government arrested her under a long-standing section of the criminal procedure code. On August 14, members of the 11-party Movement for the Restoration of Democracy (MRD) and police fought pitched battles in Lahore and Karachi. These other confrontations, primarily centered in dissident Sindh province, caused scores of deaths and hundreds of injuries, and reportedly resulted in the arrest of nearly 2,000.

Bhutto and other detainees were released in early September. In the interim, however, the Sindh wing of the PPP split and a new party was formed by the former leader of the PPP in Sindh province, G. M. Jatoi.

During the fall of 1986 two minority provinces -- Sind and Baluchistan -- were the scene of serious communal rioting and violence. A series of terrorist bombings in the Northwest Frontier Province, which have been attributed to agents of the Afghan government, and a June 1987 political bombing in Lahore, capital of the politically important Punjab Province, have created continuing concern about the stability of Pakistan and the continuance of its stance on the Afghanistan issue.

Narcotics Issues

Congress has also been concerned about Pakistan's role as a major source of illegal heroin and other drugs into the United States, some of which originate in Afghanistan. Officially, Pakistan has cooperated closely with the United States in recent years to control the problem, and is host to a major Drug Enforcement Administration (DEA) program. Despite a drop in opium production in Pakistan the DEA estimates that 6 million metric tons of heroin moved through Pakistan in 1983 and 1984, of which about 2 million tons a year went to the United States and 3-4 million tons to Europe. Pakistan also has a growing domestic drug problem.

One of the goals of U.S. aid projects, in conjunction with aid from the United Nations and other countries similarly affected by illegal drugs from Pakistan, is to support the government of Pakistan in its efforts to link development with programs to eradicate opium production. However, Pakistani poppy production is dwarfed by that in Afghanistan, which is refined into heroin on both sides of the porous Afghanistan-Pakistan border.

In general, the U.S. Government has had a cooperative relationship with Pakistan on this problem, but many Members of Congress have in the past expressed impatience over the slow pace of progress in reducing the flow of drugs from Pakistan. Recent indications are that poppy production is increasing rather than decreasing in Pakistan, and that in general the drug problem is becoming more severe.

FY88 Aid Request

A total of \$677.9 million in aid was requested for Pakistan in FY88, in accordance with the long term aid package. The program is about equally divided between economic aid (consisting largely of Economic Support Funds and smaller amounts of other economic and food aid) and Military Sales Credits designed to promote Pakistan's economic growth and stability and meet some critical military deficiencies.

The FY88 request covered the first year of the second 6-year aid package. AID describes U.S. economic assistance as designed to provide foreign exchange assistance to help Pakistan restructure its economy, including economic liberalization and the promotion of free market patterns of development. The program specifically focuses on three long term development areas: agriculture, energy, and family planning and

public health. U.S. aid is also directed at promoting more rapid development of the strategically important Baluchistan and Northwest Frontier Provinces, and at eliminating opium poppy production through rapid socio-economic development of the Northwest Frontier Province.

Major issues concerning the new request include (1) whether and under what conditions Congress should extend the current waiver to the application of the Symington amendment (the amount waiver expires at the end of FY87); (2) how much of the economic and military aid request to fund; and (3) whether to approve the sale of certain high technology weapons systems.

AEW Issue. In regard to the latter, the main issue at present is whether the United States should agree to sell an Airborne Early Warning (AEW) system such as the Navy's E2-C Hawkeye or the Air Force E3-A AWACS. During an October 1986 visit to Pakistan Secretary of Defense Weinberger offered to sell an AEW system to help Pakistan protect its northern border against Soviet and Afghan air incursions. But critics argue that such a sale, especially one involving the E3-A AWACS system, is unwise in terms of cost and because it would antagonize India, without providing a commensurate increase in Pakistan's security. Department of Defense officials state that proposals under discussion include 4 E-2C aircraft for about \$400 million, and 3 E3-A systems at a total cost of \$800 million to \$1.0 billion. The latter range of figures would represent about one-half of the total planned U.S. military assistance to Pakistan under the projected 6-year, \$4.02 billion package of military and economic aid.

Economy. Pakistan's economy rebounded from a previous drought induced failure of its cotton crop, and grew a record 8.4% during 1984-85 (Pakistani fiscal year). Offsetting favorable agricultural trends, however, was a continuing fall in remittances from foreign workers, an important source of hard currency, and a continuing adverse balance of payments situation. Pakistan imports about twice as much as it exports.

Key Questions for Congress

U.S. assistance to Pakistan has been controversial on at least three grounds. First, many Members favor taking additional steps to link U.S. aid to satisfactory guarantees from Pakistan concerning its nuclear program. Second, while most Members of Congress share the view of the Administration that Pakistan has become a "front line" state threatened by Soviet expansionism, not all agree that the current aid program best serves U.S. regional security interests. Third, some Members of Congress would also seek to promote human rights and greater stability in Pakistan by tying aid to the introduction of democratic reforms. These issues are examined briefly below.

Should current congressionally mandated nuclear nonproliferation criteria for U.S. assistance to Pakistan be strengthened?

For several years, some have called for requiring a Presidential certification indicating that Pakistan neither possesses a nuclear

explosive device, nor is continuing to acquire the means to develop such a device, as a condition for U.S. aid.

Proponents of new restrictions on U.S. assistance argue that if nonproliferation is to be a credible policy, every effort must be made to discourage Pakistan from obtaining nuclear arms. They contend that the latest export law violation case shows that Pakistan is continuing its efforts to acquire a nuclear capability despite solemn assurances to the contrary. Proponents argue further that a nuclear Pakistan would not only jeopardize the tenuous regional balance in South and Southwest Asia but could prompt rival India to move ahead with its own nuclear weapons program. Some also argue that the possession of a nuclear weapon by an Islamic nation such as Pakistan could also pose a threat to Israel's security.

Opponents of the stronger restrictions support the Administration position that the United States should not jeopardize its Afghanistan policy by action that would not likely result in stopping Pakistan's nuclear program. Many regret Pakistan's apparent commitment to acquire a weapons option but argue that Pakistan is only trying to acquire a capability that is already possessed by India. Pakistan's supporters fear that an aid cutoff would send the wrong signal, either inviting Soviet adventurism against a vulnerable Pakistan or pushing a panicked Pakistan into recognizing the Soviet installed regime in Kabul and ceasing to facilitate aid to the Afghan resistance.

Do the kinds of aid provided best serve U.S. and Pakistani interests?

Proponents of U.S. aid see Pakistan as a key state threatened by Soviet expansionism. They see the current U.S. economic and military aid program as a balanced way of bolstering a regional ally which plays a critical logistical role in U.S. efforts to provide supplies to Afghan rebels fighting Soviet occupation forces. According to press reports, U.S. covert aid to the Afghan resistance -- presumably channeled through Pakistani territory -- approaches \$280 million for FY85. This assistance, coupled with more than 2.5 million Afghan refugees now residing in Pakistani border areas, has made Pakistan the target of crossborder Soviet raids and a potential focus of further Soviet aggression.

Critics of the Administration's policy have argued that the kinds of aid provided to Pakistan have, in some cases, increased rather than reduced the threats to Pakistan's security. It is argued, for instance, that the provision of F-16 fighter bombers and Harpoon anti-ship missiles as well as the reported consideration of selling an AWACS-type aircraft to Pakistan serve primarily to build up Pakistan against its historical rival, India, rather than to deter Soviet aggression. In this view, U.S. military assistance has fueled an arms race between India and Pakistan which Pakistan cannot hope to win and which, ultimately, raises the risk of a new subcontinental war that could only benefit Moscow.

Should the United States place additional conditions on foreign assistance as a means to pressure President Zia to improve human rights and return to a representative form of government?

Those who favor significant conditionality feel that a return to a democratically elected government holds the best chance for stability in Pakistan. They claim that continued large transfers of aid are equated by Pakistanis with U.S. support for Zia and military rule. Were Zia to be overturned and a new government come to power, the identification of the United States with Zia could lead to a setback for U.S. interests such as occurred with the fall of the Shah of Iran. Human rights proponents also feel that the December 1984 referendum and the February 1985 national and provincial assembly elections were of dubious legitimacy and should not appear to be endorsed by the United States.

Those who support minimal conditioning of aid to Pakistan feel that Zia has taken significant steps toward representative government, including the installation of an elected national assembly and civilian prime minister, and should be encouraged to continue in this direction. Ultimately they feel that the United States can have little real influence over the course of Pakistani politics due to the troubled history of democracy in that country, and that any effort to link U.S. aid to performance risks undermining U.S.-Pakistan security cooperation and forcing Pakistan to accommodate the Soviets in Afghanistan. Prime Minister Junejo's June 1986 official visit to Washington appeared designed in part to affirm the Reagan Administration's support for the process of democratization, despite its limitations. Subsequently, however, the Administration criticized the arrest of Benazir Bhutto as a retrograde step.

Congressional Action

Action on the Request During 1987: Authorization

House. On Mar. 18, the Subcommittee on Asian and Pacific Affairs held a markup session on the FY88 and FY89 foreign assistance authorization. Among other things affecting Pakistan, the subcommittee agreed to recommend extending the provisions of section 620E, which permits a waiver to the application of section 699 (Symington amendment) for two years instead of the 6-year extension requested by the Administration. On April 9, the full Foreign Affairs Committee approved a draft bill, including the subcommittee recommendations, and a report is pending.

Senate. On April 23, by a margin of 11-9, the Senate Foreign Relations Committee voted down an initiative that would have withheld \$100 million of \$290 million requested for military assistance to Pakistan for FY88, and prohibited the sale of weapons systems more advanced than those currently being supplied, until such time as the President certified that he had reliable assurances from Pakistan that it would not produce weapons grade nuclear material, and that Pakistan was, according to verifiable information available to the United States, not producing any such material. As approved by the committee by a vote of 17-2, the bill extends the current waiver to the application of the Symington amendment

by two years, rather than the six years requested by the Administration. The Committee reported S. 1274 (S.Rept. 100-60) on May 2, 1987.